

Milwaukee County Employees' Retirement System (ERS)

Pension Budget, Audit and Compliance Committee Meeting

MINUTES

Call to Order:

Guy Stuller, Chairman, called the Audit Committee Meeting to order at 1:00 pm, on 4-8-10, in the 2nd Floor/Commission Room (210) of the Milwaukee County Courthouse, at 910 North 9th Street, Milwaukee, WI 53233.

Roll Call:

Board Members Present:

Guy Stuller
Keith Garland
Marilyn Mayr

Others Present:

Gerald Schroeder
Steve Huff
Mark Grady
David Arena

Four (4) handouts were provided to the Audit Committee members and others:

- Direct Deposit Document
- Transferring of OBRA Service Credit to ERS Document
- OBRA Payout Provider Discussion Document
- Executive Order on Waivers Document

1. Topic: Direct Deposit – Mandatory Compliance

The recent history of the ERS Direct Deposit program was reviewed. Participation in the program increased from 84% in 1984 to 97% in 2010, primarily through an aggressive marketing campaign. Currently, approximately 206 retirees receive paper checks each month. Conservatively, the annual cost to ERS for these 206 checks is \$10,000. Direct Deposit remains an expeditious and secure method of delivering retiree monthly pension payments.

The current Board Rule mandates Direct Deposit for all new retirees. This rule exempted pre-existing retirees. ERS recommended a Board Rule mandating 100% Direct Deposit for all retirees. ERS also recommended that a two-month transition period, in order to market the new rule, offer individual outreach and assist retirees with banking difficulties.

The Audit Committee supported the Direct Deposit proposal in principle. Mark Grady agreed to draft a rule amendment for the Committee's consideration next month which, if acceptable, the Committee could recommend to the Board for approval.

2. Topic: Pension Board Meetings – Location & Food

Discussion took place concerning the monthly Pension Board meeting costs and location. A newspaper article implied that the costs were exorbitant and the location restricted access by the public. It was noted that the Board previously met at other locations and utilized other food services, and there had been difficulties at them. The committee pointed out that there was also history of parking problems at the courthouse.

The general discussion centered on the need for professional accommodations, the fact that even other county facilities will generally cross-charge ERS, the need for public access, the availability of parking and the cost of incidentals, including food. The Zoofari was discussed as an alternate site for future consideration. However, this would require a one-year advance notice, with a commitment of monthly utilization. It was noted that the Zoofari might have a lesser cost and better parking.

David Arena volunteered to research the possibility of on-line coverage of Board meetings, as a public service feature. ERS agreed to do a cost comparison of the Marcus Center to the Zoo location. This item will be brought back on the May Audit Committee's agenda.

3. Topic: Loss of Pension – Fault of Delinquency

Discussion centered on the interplay between ERS Rules 805 and 807 and whether any changes are necessary. Mark Grady agreed to draft a memo and proposed rule identifying alternatives for the Committee and the Board.

4. Topic: Review of Treatment & Timing of Transferring OBRA Service Credit to ERS, in conjunction with Buy-In & Buy-Back

This item was marked for consideration in closed session, due to potential or pending litigation and to preserve the attorney-client privilege. A brief compliance review report will be made at the April Pension Board meeting.

5. Topic: OBRA Payout Provider

This item was marked for consideration in closed session, due to potential or pending litigation and to preserve the attorney-client privilege. A brief compliance review report will be made at the April Pension Board meeting.

6. Topic: Amendment of Option 1 & 6

A brief discussion took place concerning the status of former committee discussions with Buck Consultants and the Board, on whether members would be allowed to change beneficiaries after retirement for Options 1 & 6. Buck Consultants supported the position that there would be not fiscal impact, due to the calculation of benefit being based on the retiree's life expectancy and not on the beneficiaries life expectancy.


Mark Grady and Steve Huff will review prior Board and Audit Committee minutes to determine what action has or has not been taken and then to update the Committee at the next meeting.

7. Topic: Executive Order on Waivers

General discussion took place concerning the mandated four waivers and Department Head responsibilities. Corporation Counsel's view was that enforcement of the waivers is the responsibility of the County Executive's Office, not the ERS. David Arena noted that each Department Head was mandated to fulfill the intent of the waiver. The ERS Manager is charged with maintaining the waivers file and presenting them to the Board each month for acceptance. That process is the extent of responsibility for ERS. The committee in general thinks it is not ERS's role to request waivers.

Corporation Counsel offered to assist Mr. Arena and the County Executive, as requested by them, but the Committee will not take any further action.

8. Topic: ~~The Audit Committee~~ adjourned at 3:30 PM


Submitted by
Gerald J. Schroeder
ERS Manager